

Message Text

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DEPT PASS LABOR FOR METCALF; HEW/OE FOR LEESTMA

E.O. 11652: N/A

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SUBJECT: 38TH SESSION OF MANPOWER AND SOCIAL AFFAIRS
COMMITTEE, DEC. 18-19, 1974

REF: OECD 31030

1. SUMMARY: OECD MANPOWER AND SOCIAL AFFAIRS COMMITTEE (MSAC) MET DECEMBER 18-19. MSAC DECIDED TO INITIATE IMMEDIATE STUDY OF MEMBER COUNTRY EMPLOYMENT SECURITY POLICIES; AGREED TO ESTABLISH SPECIAL HIGH-LEVEL WORKING PARTY TO REVIEW EMPLOYMENT POLICIES/PROGRAMS AND THEIR IMPLICATIONS ON TRADE, INFLATION AND SOCIAL WELFARE, AND TO PREPARE REPORT WHICH MSAC WILL PRESENT TO COUNCIL; REQUESTED SECRETARIAT TO MAKE SPECIFIC PROPOSAL TO NEXT MSAC MEETING RE LABOR MINISTERIAL TO DISCUSS UNEMPLOYMENT SITUATION. MSAC HELD FIRST JOINT MEETING WITH EDUCATION COMMITTEE. CHARLES STEWART (HEAD USDEL) AND JAMES METCALF OF LABOR DEPARTMENT FORMED USDEL TO MSAC. NEXT MEETING SCHEDULED FOR MID-APRIL. END SUMMARY.

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2. IN OPENING STATEMENT, GASS, DIRECTOR, SOCIAL AFFAIRS, MANPOWER AND EDUCATION, COMMENTED ON ESTABLISHMENT INTERNATIONAL ENERGY AGENCY, OECD'S INCREASING INTEREST IN MNC'S, AND CHANGING ECONOMIC AND SOCIAL DEVELOPMENTS IN MEMBER COUNTRIES. HE NOTED THAT ROLE OF MSAC AS "SOCIAL ARM" OF OECD BECOMES MORE IMPORTANT DURING PERIOD OF ECONOMIC CRISIS; TRADITIONAL ECONOMISTS TEND TO SEPARATE ECONOMIC AND SOCIAL POLICY, HE SAID, AND MSAC MUST MAKE THESE RELATIONSHIPS KNOWN. GASS OBSERVED "HUMAN CONCERNS ARE NOT A SENTIMENT BUT A REALITY; THAT EQUITY IS SACRIFICED IN TIMES OF ECONOMIC DISLOCATIONS." IN THIS CONTEXT, GASS SUGGESTED THAT MSAC CONSIDER DESIRABILITY OF A LABOR MINISTERIAL MEETING IN 1975 (SEE REFTEL) TO DISCUSS UNEMPLOYMENT ISSUE.

3. MSAC CHAIRMAN FALCHI (ITALY) OBSERVED MSAC IN "STORM CENTER" OF CURRENT ECONOMIC SITUATION AND THAT COMMITTEE NOW HAS OPPORTUNITY TO PROVE ITS CAPACITY AS OECD'S "SOCIAL ARM." HE ADDED THAT MEASURES BY MEMBER COUNTRIES TO COMBAT HIGH UNEMPLOYMENT BY INCREASING EXPORTS AND DECREASING IMPORTS WOULD BE COUNTER-PRODUCTIVE, THAT FISCAL CONTROLS HAVE IGNORED SOCIAL CONCERNS, AND THAT ANTI-INFLATION POLICIES MUST CONSIDER EMPLOYMENT IMPACT.

4. COMMENTING ON OPENING STATEMENTS, PORTUGUESE DEL SAID UNEMPLOYMENT HAD BEEN OVEREMPHASIZED VIS-A-VIS INCOME MAINTENANCE MEASURES, AND NOTED INCOME MAINTENANCE STUDY BEING PREPARED BY WP2 OF ECONOMIC POLICY COMMITTEE. SWEDISH AND AUSTRALIAN DELS SUGGESTED SUBJECT OF LABOR MINISTERIAL BE ON AGENDA FOR NEXT MSAC. SPANISH DEL NOTED EMPLOYMENT SECURITY AND INFLATION ARE THE TWO MAJOR PROBLEMS FOLLOWED BY PROBLEM OF MIGRANT WORKERS.

5. ECONOMICS AND STATISTICS DEPARTMENT SPOKESMAN MCFARLAND REPORTED THAT LABOR MARKET SITUATION LOOKS GLOOMIER NOW THAN EARLIER FORECASTS, WITH 1974 AND 1975 BEING NO GROWTH YEARS FOR OECD AS A WHOLE.

6. MSA DEPUTY DIRECTOR DYMOND NOTED SHORT-TERM MANPOWER POLICIES MUST CONSIDER LONGER-TERM STRUCTURAL PROBLEMS.
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ALSO, WHILE INCOME SUPPORT (MAINTENANCE) PROGRAMS ARE VITAL, TRAINING RATHER THAN WELFARE PROGRAMS COULD BE MORE PRODUCTIVE DURING PERIODS OF HIGH UNEMPLOYMENT. HE THEN INVITED MSAC TO NOTE MCFARLAND REPORT AND APPROVE RECOMMENDATION IN MO(74)18 TO ESTABLISH HIGH-LEVEL WP ON EMPLOYMENT SECURITY TO MEET FEBRUARY 18-21, 1975.

7. FIRST JOINT MSAC AND EDUCATION COMMITTEE MEETING,

DEC. 18.

A) FALCHI SET TONE INVOKING "COMMON INTERESTS" AND, HOPEFULLY, "COMMON CONCLUSIONS." SWEDISH MSAC DEL ASKED SECRETARIAT TO EXPLORE POSSIBILITY OTHER JOINT VENTURES WITH APPROPRIATE BODIES, E.G. COUNCIL OF EUROPE TO DISCUSS JUNE MINISTERS OF EDUCATION MEETING IN STOCKHOLM.

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USDEL (LEESTMA) PRAISED SECRETARIAT'S FIRST EFFORT TO LIST AREAS OF COMMONALITY (ED(74)12, MO(74)19), ADDING FURTHER STUDY IS REQUIRED. SPAIN NOTED DOCUMENTATION "INTERESTING EXERCISE" BUT ADDED WHILE COLLEGE AND TECHNICAL SCHOOL GRADUATES HAVE SEVERAL EMPLOYMENT OPTIONS, "SOMETHING MUST BE DONE FOR DROP-OUTS." FALCHI NOTED COORDINATION WITH OTHER BODIES DESIRABLE BUT 1975 WORK PROGRAM AGREED UPON. HOWEVER, INCREASED JOINT EFFORTS COULD BEGIN IN 1976. FALCHI CONCLUDED THAT EDUCATION MUST NOT FOCUS JUST ON TRAINING FOR LABOR MARKET, BUT ALSO FOR TRAINING AND RETRAINING THE UNEMPLOYED.

B. ATMOSPHERICS CHANGED DRAMATICALLY WHEN, RE
PARAS 3 AND 4 OF MO(74)20, ED(74)13, AUSTRALIAN DEL
(COOK) ADMONISHED SECRETARIAT "TO AVOID GENERALIZATIONS
NOT SUPPORTED BY FACTS." HE ALSO OBSERVED THAT L/6 TO
L/3 OF LABOR FORCE IS INTRINSICALLY SUBSTANDARD AND
THEREFORE INCAPABLE OF PERFORMING MORE COMPLEX TASKS.
FURTHERMORE, HE SAID, STREET SWEEPERS' JOBS ARE NOW
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ENRICHED, MECHANIZED AND WITH UNIFORM; IS COAL MINERS'
WORK "DIRTY" WHEN PAY IS TWICE AVERAGE WAGE? GASS
COUNTERED THAT ECONOMIC, SOCIAL AND EDUCATIONAL FORCES
SHAPE PEOPLES' LIVES AND CAPABILITIES.

C. BELGIAN DEL NOTED DOCUMENT DID NOT ADDRESS
CURRENT PROBLEMS BUT MEDIUM/LONG-TERM GENERALITIES. GASS
SUGGESTED ONCE AD HOC EXPERTS GROUP SUBMITS REPORT, NEXT
JOINT MEETING COULD CONSIDER SPECIFICS, E.G. OPTIONS FOR
THE 16-19-YEAR-OLDS, ADULT AND RECURRENT EDUCATION.

D. ADDRESSING SWEDISH MSAC DEL'S SUGGESTION, GASS
SAID EDUCATION MINISTERS MEETING IS NOT AN OECD ACTIVITY
BUT A STANDING CONFERENCE OF EUROPEAN MINISTERS OF EDU-
CATION WHICH MEETS BIENNIALY. SWEDISH EDCOMM DEL
ADDED NON-COUNCIL OF EUROPE COUNTRIES WILL BE INVITED TO
STOCKHOLM CONFERENCE (SEE OECD 24956) WHOSE AGENDA IN-
CLUDES: RECURRENT EDUCATION, MIGRANT PROBLEMS, WORKERS
WITH CHILDREN, ETC. UK DEL NOTED MO(74)29 WRITTEN "AT
HIGH LEVEL OF GENERALITY". HOWEVER, HE HAD "NO QUARREL
WITH SUCH BUZZ WORDS AS EQUALITY, OPPORTUNITY AND
PARTICIPATION."

E. GASS NOTED THAT OPTIONS MUST BE IMPROVED TO
PROVIDE INCREASED SOCIAL AND ECONOMIC EQUALITY; THE
EDUCATION-WORK-RETIREMENT CYCLE MUST BE BROKEN AS WELL
AS EDUCATIONAL PLANNING BASED ON MANPOWER FORECASTS.
GASS THEN SUGGESTED INCREASED INTERVENTION BY SOCIETY
AND GOVERNMENTS IN PROVIDING MORE EDUCATIONAL AND Voca-
TIONAL OPTIONS AND GUIDANCE. USDEL (STEWART) SAID THAT
MO(74)20 "IS EGALITARIAN IN TONE, BUT THE PROBABLY
INESCAPABLE INTERVENTIONISM SUGGESTED IMPLIES, PARADOX-
ICALLY, AN ATTITUDE OF ELITISM." HE CONTINUED THAT "A
BETTER UNDERSTANDING OF LABOR MARKET WOULD REDUCE DEGREE
OF INTERVENTIONISM REQUIRED AND LEAVE MORE SCOPE FOR
FREEDOM OF INDIVIDUAL INITIATIVE."

F. JOINT MEETING AGREED TO ESTABLISH JOINT WORKING
PARTY ON OPPORTUNITIES FOR YOUTH.

8. EMPLOYMENT SECURITY (MO(74)18) AND PROPOSED MINIS-

TERIAL.
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A. MSAC AGREED TO ESTABLISH SPECIAL WP WHICH WILL REVIEW PROGRAMS AND POLICIES TO ACHIEVE MORE EQUITABLE DISTRIBUTION OF EMPLOYMENT OPPORTUNITIES, TO SPREAD MORE EQUITABLY BURDEN OF REDUCED EMPLOYMENT, AND TO MAINTAIN CONTINUITY OF EMPLOYMENT AND INCOME. WP WILL EXAMINE THESE POLICIES IN RELATION TO INFLATION, BALANCE OF PAYMENTS AND ACCEPTABLE LEVELS OF SOCIAL WELFARE. WORKING DOCUMENTS WILL BE MO(74)18 AND QUESTIONNAIRE MS/M/201/474. WP IS TO SUBMIT DRAFT REPORT TO MSAC MID-APRIL MEETING.

B. MSAC ALSO AGREED TO UNDERTAKE IMMEDIATE REVIEW OF EMPLOYMENT SECURITY POLICIES TO: 1) PRESENT FACTUAL REPORT ON EMERGING LABOR MARKET SITUATION IN MEMBER COUNTRIES AND 2) REVIEW MEASURES DEVELOPED BY THEM TO DEAL WITH EMPLOYMENT INSTABILITY AND MEASURES DESIGNED TO ACHIEVE GREATER DEGREE OF LONG-RUN EMPLOYMENT SECURITY. OBJECTIVE OF STUDY IS TO ASSESS, FOR PURPOSES OF NATIONAL

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POLICY, ALTERNATIVE MEASURES, GOVERNMENTAL, PRIVATE OR
IN COMBINATION, OF COPING WITH SHORT-TERM, INTERMEDIATE
AND LONG-TERM UNEMPLOYMENT.

C. FALCHI SAID DELEGATES CAN ADVISE SECRETARIAT
OF THEIR GOVERNMENTS' VIEWS RE MINISTERIAL AT MSAC APRIL
SESSION. SWISS DEL NOTED THOUGH SWISS FORTUNATE IN
ESCAPING RECESSION AND UNEMPLOYMENT, ALL COUNTRIES HAVE
REAL PROBLEM THAT MUST BE COUNTERED AT NATIONAL AND
INTERNATIONAL LEVEL, AND QUICK PROGRESS MUST BE MADE IN
DECIDING WHAT QUESTIONS MINISTERIAL CONFERENCE SHOULD
ADDRESS.

D. USDEL (METCALF) SUGGESTED STUDY SHOULD HAVE MORE
SPECIFIC FOCUS WITH POSSIBLY MORE EMPHASIS ON SHORT-TERM
EMPLOYMENT POLICIES IN ITS FIRST PHASE. USDEL QUESTIONED
NEED FOR EMPHASIZING "NEW POLICY" MAKING FRAMEWORK" IN
FIRST STAGE OF STUDY. COMMITTEE ACCEPTED USDEL VIEW
THAT PROPOSED STUDY SHOULD MAKE SPECIFIC REFERENCE TO
INFLATIONARY IMPACT OF VARIOUS EMPLOYMENT POLICIES.
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E. UK DEL (MORGAN) RAISED SEVERAL QUESTIONS RE
RELATIONSHIP OF SPECIAL WP ON EMPLOYMENT TO EPC; POSSI-
BILITY OF CONTROLLING INFLATION WITHOUT INCREASING UN-
EMPLOYMENT; SUBSIDIZED EMPLOYMENT, JOB CREATION,
DECREASED HOURS, SOCIAL SECURITY PAYMENTS AND TRAINING.
MORGAN STATED "DEMAND MANAGEMENT WON'T HELP" AND AGREED
WITH METCALF ON MORE SPECIFIC SHORT-TERM FOCUS DURING
FIRST PHASE OF STUDY. BELGIAN DEL SAID IF LABOR MINIS-
TERS MEET, THEY SHOULD STUDY MEASURES TAKEN IN PERIODS
OF HIGH UNEMPLOYMENT OVER NEXT FIVE YEARS RATHER THAN
FOCUS ON SHORT-TERM PROBLEMS. ALSO, APPROACH SHOULD BE
MULTIDISCIPLINARY.

F. FRENCH DEL (ETIENNE) REVIEWED RECENT MEASURES
BY GOF TO COUNTER UNEMPLOYMENT, E.G., ANNUAL WAGE GUA-
RANTEE FOR DISCHARGED WORKERS. ETIENNE SUGGESTED THAT
RATHER THAN LABOR MINISTERIAL, ANNUAL OECD COUNCIL OF
MINISTERS COULD STUDY PROBLEM.

G. SWEDISH DEL REHN WELCOMED MINISTERIAL AND ADDED SUBJECT SHOULD BE PART OF QUESTIONNAIRE WHERE MINISTERS ARE ASKED IF SUBSTANCE OF QUESTIONNAIRE WARRANTS THEIR PARTICIPATION.

H. YUGOSLAV DEL SAID COMMON MARKET (EC) IMPORT RESTRICTIONS HAVE DIRECT IMPACT ON YUGOSLAVIA'S ECONOMY AND UNEMPLOYMENT; THAT ONE MILLION YUGOSLAVS WORK IN EC COUNTRIES WHERE MIGRANT LABOR RESTRICTIONS ARE BEING APPLIED; THAT FOREIGN WORKERS SHOULD HAVE SAME RIGHTS AND ENTITLEMENTS AS NATIONALS AND THAT YUGOSLAVIA IS ENCOURAGING JOINT VENTURES, ESPECIALLY IN AGRICULTURAL SECTOR.

I. FALCHI NOTED UNANIMOUS AGREEMENT THAT EMPLOYMENT SECURITY WILL BE CENTRAL WORK OF 1975 PROGRAM; SUMMARIZED THE VARIOUS INTERVENTIONS AND ASKED RHETORICALLY WHETHER "MSAC CAN MAKE SOUND POLICY RECOMMENDATIONS TO MEMBER GOVERNMENTS".

J. GASS CONCLUDED THAT SHORT- AND LONG-TERM EM-
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PLOYMENT SECURITY OBJECTIVES MUST BE RELATED;
SECRETARIAT WILL STATE THE ISSUES AND SPECIAL WP WILL DEFINE THEM; LABOR MINISTERS WILL MEET IN AUTUMN IF MEETING OCCURS AT ALL. DYMOND STATED JAN. 23 IS NEW MAILING DATE FOR RESPONSES TO MO(74)18 AND MS/M/201/474 LIMITING FOCUS TO PRESENT POLICIES.

9. ACTION REQUESTED:

A. US RESPONSE TO EMPLOYMENT SECURITY QUESTION-
NAIRES MO(74)18 AND MS/M/201/474;

B. NOMINATION OF US MEMBER TO SPECIAL WORKING
PARTY;

C. GUIDANCE RE PROPOSED LABOR MINISTERIAL ON UN-
EMPLOYMENT.
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